

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

SUNSHINE ACT MEETING OF THE BOARD OF DIRECTORS

Monday, November 1999

11:00 a.m.

750 First Street
Room 11026
Washington, D.C. 20002

BOARD MEMBERS PRESENT:

Douglas S. Eakeley, Chair
Levita Battle
John N. Erlenborn
Hulett A. Askew
Edna Fairbanks-Williams
F. William McCalpin
Nancy Hardin Rogers
Thomas F. Smegal, Jr.
Ernestine Watlington
John Broderick, Jr.

STAFF AND PUBLIC PRESENT:

John McKay, President
Danilo Cardona, VP for Programs
Victor Fortuno, VP for Legal Affairs, General Counsel,
& Corporate Secretary
John Hartingh
James J. Hogan, VP for Administration
Susan McAndrew, Senior Assistant General Counsel
David Richardson, Comptroller/Treasurer
Mauricio Vivero, VP for Government Relations & Public
Affairs
Burt Thomas, Programs Counsel

C O N T E N T S

	PAGE
Approval of the agenda	4
Consider and act on the Board of Directors' Semiannual Report to Congress for the period of April 1, 1999 to September 30, 1999	5
Consider and act on a staff proposal to move funds from Grant Recoveries to Grants line in order to fund an emergency grant to Legal Services of North Carolina	17
Consider and act on staff request to revise the Corporation's FY 2000 Consolidated Operating Budget to add to U.S. Court of Veterans Appeals line	20

1 P R O C E E D I N G S

2 CHAIR EAKELEY: Mr. Bucky Askew.

3 MR. ASKEW: Here.

4 CHAIR EAKELEY: Levita Battle.

5 MS. BATTLE: (No response.)

6 CHAIR EAKELEY: Doug Eakeley.

7 CHAIR EAKELEY: Here.

8 John Erlenborn.

9 MR. ERLENBORN: Here.

10 CHAIR EAKELEY: Maria Mercado.

11 MS. MERCADO: (No response.)

12 CHAIR EAKELEY: Bill McCalpin.

13 MR. McCALPIN: Here.

14 CHAIR EAKELEY: Nancy Rogers.

15 MS. ROGERS: Here.

16 CHAIR EAKELEY: Tom Smegal.

17 MR. SMEGAL: Here.

18 CHAIR EAKELEY: Ernestine Watlington.

19 MS. WATLINGTON: Here.

20 CHAIR EAKELEY: Edna Fairbanks-Williams.

21 MS. FAIRBANKS-WILLIAMS: Here.

1 APPROVAL OF AGENDA

2 CHAIR EAKELEY: All right. Well, we have a quorum.

3 I'm going to call the meeting to order and we'll note that
4 the presence on the record of the other members of management
5 mentioned by Victor.

6 We have two items on the agenda for today. The
7 first is approval of the Board's response to the Inspector
8 General's Semiannual Report to the Congress; and, secondly, a
9 request for emergency funding by Legal Services of North
10 Carolina and a management recommendation that was circulated
11 under cover of a memo from Elizabeth Soto-Seelig dated
12 November 24, 1999.

13 Are there any other items for the agenda?

14 MR. FORTUNO: Doug?

15 CHAIR EAKELEY: Yes.

16 MR. FORTUNO: I believe there are actually three
17 items on the agenda. Do you have a copy of the meeting
18 notice?

19 CHAIR EAKELEY: I do not have a copy of a notice of
20 meeting.

21 MR. FORTUNO: And the notational vote should also

1 set out the three items. The first is the SAR, consider an
2 act on the draft SAR.

3 The second is consider an act on the proposal to
4 move some money from Grant Recoveries to allow for funding of
5 the emergency grant to Legal Services of North Carolina.

6 The third item is consider an act on staff request
7 to revise the Corporation's FY 2000 COB to add to the U.S.
8 Court of Veterans Appeals line an additional \$15,000 received
9 from the U.S. Court of Veterans Appeals. That is not going
10 to require a whole lot, but it is a separate and distinct
11 agenda item.

12 CHAIR EAKELEY: All right. Let's start with Agenda
13 1, then.

14 BOARD OF DIRECTORS' SEMIANNUAL REPORT TO CONGRESS

15 CHAIR EAKELEY: Does everyone have the 11/1999
16 draft response or the Board of Directors' Semiannual Report?

17 I will accept as silence as tacit acquiescence.

18 I have three proposed changes to make and then
19 we'll have to talk the process, but let me just put those on
20 the table and then solicit your views on the rest of the
21 document.

1 First, I thought that the message of the Board of
2 Directors ought to be reconstituted so that it fairly
3 presents what was of significance during this reporting
4 period, including our response to the CSR issue, but not
5 presenting it as the dominant issue throughout the reporting
6 period.

7 This was, after all, the year we celebrated our
8 25th Anniversary, a number of major new steps were taken in
9 the areas of state planning and competition and technology,
10 as well as in compliance. I think that this gives us an
11 opportunity to briefly present those highlights as well as
12 address the CSR issue in a slightly different fashion.

13 My proposal would be to ask management to --
14 assuming people are in agreement -- to re-present those three
15 paragraphs of a message in a way that gives us more of an
16 effective communication with the Congress.

17 MS. FAIRBANKS-WILLIAMS: We need to blow our own
18 horn whenever we can. I definitely agree with that.

19 CHAIR EAKELEY: The other two things I thought we
20 needed to do, first, was to correct the record with respect
21 to the access issue as it concerns the Legal Aid Bureau of

1 Maryland. We're on page 2 of the Inspector General's report.

2 He says that the Legal Bureau of Maryland denied the OIG
3 auditors access to needed information.

4 My understanding is and we do address that a bit on
5 page 9 of our "Discussion on Program Integrity." We don't
6 really address the access issue as presented by the OIG.
7 What I'd like to say in there is something that says that the
8 issue of access was referred to management. Management has
9 discussed or is in the process of negotiating a protocol that
10 will provide access while protecting necessary client
11 confidentiality and a trend-like indication. Words to that
12 effect.

13 MR. McCALPIN: Doug, let me say something in that
14 respect. There is a paragraph on page 5 of the draft which
15 we got at the meeting. Then on the second page of the Acts
16 from Sue McAndrew on the 24th, there is a modification to
17 that.

18 I must say that in my discussions at the time of
19 the meeting both with members of the staff and with Wilhelm
20 Joseph, I had the distinct impression that there was, in
21 fact, agreement on the protocol to be utilized by Legal

1 Services of Maryland.

2 The effect of the paragraph on page 5 plus the
3 amendment that we got last week backs away from that. My
4 clear understanding in talking with both the staff and with
5 Wilhelm Joseph was that there was an agreement on the
6 protocol.

7 CHAIR EAKELEY: John or Danilo, do you want to just
8 step in on this one?

9 MR. CARDONA: Yes. I have here Burt Thomas who was
10 the one who which William Sulick of the Office of Compliance
11 and Enforcement went and dealt with Wilhelm Joseph and his
12 staff with regard to access of documents in there.

13 We agreed on the methodology that was proposed by
14 and was agreed by the Maryland Legal Aid Bureau and LSC. We
15 had a one-day run of that test of that methodology. We
16 agreed on it. The only thing that we need to do is go back
17 and do a full review of the program.

18 However, we caution that that methodology is going
19 to be resource intensive both in staff time and, you know, in
20 the number of staff and the time that we need to be present
21 at the program.

1 MS. FAIRBANKS-WILLIAMS: But Wilhelm agreed to
2 that?

3 MR. McCALPIN: There was agreement --

4 MR. FORTUNO: If I may interrupt for a moment?
5 This is Vic and I think to assist the reporter here, if you
6 could identify yourselves as you speak, he would be able to
7 make sure that the record correctly reflects who's speaking.

8 CHAIR EAKELEY: This is Doug Eakeley. I don't have
9 a November 24 fax correction to page 5 of the report.

10 MR. McCALPIN: I have it.

11 CHAIR EAKELEY: Does anybody else?

12 MR. McCALPIN: Pardon? it's from Elizabeth Soto --
13 no. I'm sorry. It's from Sue McAndrew for all Board Members
14 dated November 24 and it's about four pages.

15 MR. SMEGAL: I don't have it either. That was Tom
16 Smegal.

17 CHAIR EAKELEY: This is Doug Eakeley.

18 MR. BRODERICK: This is John Broderick. I don't
19 have it.

20 MS. BATTLE: This is Levita Battle. I'm just
21 joining you.

1 CHAIR EAKELEY: Hi, Levita.

2 Well, let me say again I think the point is that I
3 guess we don't have the text to look at. The point is to be
4 a little bit more affirmative in what we believe to have been
5 developed procedures for providing access while recognizing
6 that there is still another time-intensive site visit that
7 needs to take place.

8 MS. FAIRBANKS-WILLIAMS: Edna here. I think we
9 should give Wilhelm the courtesy of saying that he has agreed
10 and that negotiations are under way and all this happy blah-
11 blah.

12 CHAIR EAKELEY: Well, yes. Edna, this is Doug
13 again. I think that that was purposely the intention of the
14 text at page 5 of the November 19th draft, but I thought we
15 could go a little bit further without compromising anyone.

16 MR. MCKAY: This is John McKay. I think --

17 CHAIR EAKELEY: Let me just move on for a second
18 because I think that we may just need to get some textual
19 revisions to tighten this a little bit and clarify it.

20 The third area on the draft that I thought should
21 be addressed was in response to the section on Legislative

1 and Regulatory Review which is page 9 of the Inspector
2 General's SAR.

3 There are two ways that I thought that this should
4 be addressed. First, I take issue with the statements that
5 access to confidential and attorney-client privileged
6 materials -- that without access to such material it is
7 impossible to insure the grantees comply with statutory and
8 regulatory restrictions.

9 I think we've lived with recognition of principles
10 of confidentiality and privilege for 25 years. There are
11 issues that caused OIG and management to go to the Congress
12 on this issue, but we have agreed to take them up at the
13 Board level. That's the second notion I'd like to suggest be
14 incorporated into our draft response, which is that the Board
15 has a description of the Board resolution, the reasons for it
16 and what the Board intends to do to deal with competing
17 claims of access, our need for access as well as the need for
18 protection.

19 MR. McCALPIN: Doug, where in the report would you
20 put that?

21 CHAIR EAKELEY: I thought we needed to put it in

1 there somewhere. I think we may want -- I don't know. It
2 may be a separate heading on legislative review or statutory
3 recommendation or access, but I think that it needs to be --
4 I think we need to find a way to work it in.

5 MR. McCALPIN: I agree.

6 CHAIR EAKELEY: That was Bill McCalpin.

7 MR. BRODERICK: I share your views. This is John
8 Broderick.

9 CHAIR EAKELEY: Sounds like a consensus.

10 MS. FAIRBANKS-WILLIAMS: Yes.

11 CHAIR EAKELEY: Let me ask who that was.

12 This is Doug Eakeley again. If, in fact, people
13 are in general agreement with these three editorial
14 modifications to the report, we'll need to find a process to
15 make sure that those are incorporated in a way that gets this
16 to the Congress in time; but, meanwhile let me open it up
17 more generally and ask whether anyone else has any other
18 suggestions or comments or questions.

19 MR. McCALPIN: Doug, this is Bill McCalpin. I have
20 one more and, unfortunately, it relates to that document
21 which I seem to have and nobody else does, but it seems to me

1 that on what was page 8 of our draft under the FY 2000
2 appropriations there is a short second paragraph which in the
3 document of November 24th was amended -- let me just read a
4 small part of it.

5 "After the end of the reporting period and after
6 passing six continuing resolutions and the Congress so
7 approved," I thought that the reference to the six continuing
8 resolutions was kind of a gratuitous challenge or insult to
9 the Congress and I didn't think we needed to say it.

10 CHAIR EAKELEY: I'll second that motion; Doug
11 Eakeley.

12 MR. ERLNBORN: This is John Erlenborn. Shouldn't
13 we rather than talk about at the end of the fiscal year,
14 there may be a time frame that would constrain us from doing
15 this, but shouldn't we say that, "Now the appropriation has
16 been finally approved." This just apparently ends with the
17 continuing resolutions of the past to keep the government
18 running.

19 MS. VIVERO: Yes. It would now read, "After the
20 end of the reporting period, the Congress approved and sent
21 to the President a \$305,000,000 appropriation for LSC. The

1 Congress added \$5,000,000 to last year's funding level to be
2 used specifically for client self-help and information
3 technology grants to LSC recipients.

4 MR. ERLNBORN: Bill, did you have that?

5 MR. McCALPIN: Yes. "After the end of the
6 reporting period," yes. I didn't read everything that I
7 have, but I have the full amendment in front of me, yes.

8 MR. ERLNBORN: I do now also. And I think that
9 takes care of the issue I raised.

10 CHAIR EAKELEY: Doug Eakeley again. Are there any
11 other questions, suggestions, modifications to propose?

12 MOTION

13 MR. ERLNBORN: Doug, John Erlenborn. If we don't
14 have any other proposed changes, let me propose that we have
15 the staff compose the language to comply with the agreement
16 that we've reached here among the Board members and give the
17 authority to our Chairman, Doug Eakeley, to give final
18 approval before the response to the SAR is sent to the
19 Congress.

20 MR. McCALPIN: Second.

21 MR. ERLNBORN: I'll put that in the form of a

1 motion.

2 MR. McCALPIN: Sorry, I thought it was. McCalpin.

3 I'll second.

4 CHAIR EAKELEY: Is there any discussion?

5 Let me just point out, the thing is due tomorrow
6 and, unfortunately, we got jammed because of the Thanksgiving
7 Holiday last week. I apologize to everybody for that. I
8 don't apologize for Thanksgiving. I apologize for being a
9 bit jammed here.

10 Any further discussion?

11 (No response.)

12 MR. McCALPIN: Would you be able to do it, Doug?

13 CHAIR EAKELEY: I will be back here by 3:00 this
14 afternoon. I've got a conference call, but I'll be in my
15 office physically and able to turn this around and approve
16 it; but, certainly, it negotiates any further language in
17 this before -- well, before the end of the evening,
18 certainly.

19 All those in favor of authorizing the Board Chair
20 to approve the final editorial contents of the Board's
21 Semiannual Report to the Congress along the lines that we've

1 discussed?

2 (A chorus of ayes.)

3 CHAIR EAKELEY: All those opposed.

4 (No response.)

5 CHAIR EAKELEY: Any abstentions?

6 (No response.)

7 CHAIR EAKELEY: The ayes have it. The motion
8 carries. The Semiannual Report to the Congress is approved
9 as indicated and subject to final editorial approval by the
10 Board Chair.

11 Let me turn, if I may then to Item No. 2 which is
12 the request for emergency assistance from Legal Services of
13 North Carolina.

14 REQUEST FOR EMERGENCY ASSISTANCE FROM

15 LEGAL SERVICES OF NORTH CAROLINA

16 CHAIR EAKELEY: We have or you should have attached
17 to Elizabeth Soto-Seelig's memo fax of November 24 a memo
18 from J. Brown to Danilo Cardona and approved by John McKay,
19 recommending that in response to a request for emergency
20 funding of \$317,250 that LSC provide funding in the amount of
21 \$51,500 to LSNC.

1 Let me just start off by asking whether anyone has
2 any questions or comments on that recommendation which is
3 circumscribed by, in part -- in large part by the \$70,000
4 budget balance that we have carried over. I guess even more
5 relevant now is the fact that another \$15,000 of that 70 is
6 being requested to be allocated to the Court of Veterans
7 Appeals which is Agenda Item No. 3.

8 MOTION

9 MS. FAIRBANKS-WILLIAMS: It seemed to me like it
10 was a very well thought out recommendation and salary and
11 fringe benefits that they figured out, made sense to me. So
12 I would vote that we agree with the \$51,500. Edna here.

13 CHAIR EAKELEY: Edna, do you want to convert that
14 into a motion to approve the management recommendation?

15 MS. FAIRBANKS-WILLIAMS: Yes, please.

16 CHAIR EAKELEY: Is there a second?

17 MS. BATTLE: I'll second it. This is Levita
18 Battle.

19 CHAIR EAKELEY: Thank you, Levita.

20 Any further discussion?

21 (No response.)

1 CHAIR EAKELEY: Hearing none, all those in favor of

2 --

3 MR. RICHARDSON: Doug?

4 CHAIR EAKELEY: Yeah.

5 MR. RICHARDSON: Doug, this is Dave Richardson.

6 There are two items separate here. One is that we do have
7 grant recoveries for the \$71,761 of which only approximately
8 \$51,000 is to go to North Carolina. The reason that that
9 additional money was placed there was just so that if there
10 was any other emergencies we could respond to it. The 15,000
11 that is for the U.S. Court of Veterans Appeals is just
12 additional money that the Court made available to us.

13 CHAIR EAKELEY: All right. Thank you, David.

14 That's a helpful clarification; and, therefore, I misspoke.
15 Although, on the other hand, the logic to the recommendation
16 remains obviously described.

17 Any further comments, questions, discussion?

18 (No response.)

19 CHAIR EAKELEY: Hearing none, all those in favor of
20 the motion, say, "aye."

21 (A chorus of ayes.)

1 CHAIR EAKELEY: Any opposed?

2 (No response.)

3 CHAIR EAKELEY: Any abstained?

4 (No response.)

5 CHAIR EAKELEY: The ayes have it; the motion
6 carries.

7 That brings us to Item No. 3. Before I speak
8 further on that, could someone explain what the proposal is
9 on Agenda Item No. 3 to transfer \$15,000 in order to adjust
10 the current operating budget?

11 REQUEST TO REVISE THE CORPORATION'S FISCAL YEAR 2000
12 CONSOLIDATED OPERATING BUDGET TO ADD TO U.S. COURT OF
13 VETERANS APPEALS LINE AN ADDITIONAL \$15,000
14 RECEIVED FROM THE U.S. COURT OF VETERANS APPEALS

15 MR. RICHARDSON: This is David Richardson, again.
16 During the year, the U.S. Court of Veterans Appeals made
17 available to us \$850,000 for the processing of grants.

18 Later in the year they provided an additional
19 \$15,000 for the management of the grant. We have not yet
20 spent the money; but, since they have made it available and
21 have actually transferred it to us to clean up their year-end

1 books, we needed to include it in ours. This motion is just
2 to simply move the money into the budget and it will actually
3 be a part of the carry-over for the U.S. Court of Veterans
4 Appeals funds.

5 CHAIR EAKELEY: All right. Thank you, David.

6 Would someone care to put that recommendation into
7 the form of a motion?

8 MOTION

9 MS. FAIRBANKS-WILLIAMS: Doug, Edna. He sounded
10 good.

11 MS. WATLINGTON: Second it.

12 CHAIR EAKELEY: Is there any further discussion?

13 (No response.)

14 CHAIR EAKELEY: Hearing none, all those in favor of
15 the motion say "aye."

16 (A chorus of ayes.)

17 CHAIR EAKELEY: All those opposed.

18 (No response.)

19 CHAIR EAKELEY: Abstained?

20 (No response.)

21 CHAIR EAKELEY: The ayes have it; the motion

1 carries. This ends the official business of the Board.

2 MR. FORTUNO: Doug, if I may? This is Vic. I've
3 got one last point I think we probably ought to put on the
4 record. If I've got your permission, I'll go ahead and do
5 that.

6 It's just concerning the less than seven days'
7 notice and satisfying the technical requirements.

8 CHAIR EAKELEY: Yes, please, Victor.

9 MR. FORTUNO: The Government and Sunshine Act
10 requires that announcements of meetings be posted at least
11 seven calendar days before the meeting unless a majority of
12 the directors determine via recorded vote. The Corporation
13 business requires a meeting on fewer than seven days.
14 Because of the SAR and the need to have this finalized and up
15 to the Congress in the next day or so, this meeting had to be
16 held on less than seven days.

17 A notational vote was sent out on the 23rd of
18 November to the solicitation for a notational vote to the
19 Board and we got back all eleven directors voting, "Yes, the
20 Corporation business required and approving holding of a
21 meeting on less than seven days." So we satisfied that

1 requirement.

2 CHAIR EAKELEY: Do you need a motion?

3 MR. FORTUNO: No. That was just informational and
4 for the record.

5 CHAIR EAKELEY: Is there any further business?

6 MS. FAIRBANKS-WILLIAMS: You were talking about
7 something in December, Doug, when you were talking to me.
8 Was that to be a telephone or a what

9 CHAIR EAKELEY: Actually, Edna, while people were
10 getting on, I was talking with John Broderick's ad hoc
11 committee to talk to them about the possibility of a
12 conference call on their committee report. But that was just
13 for John and Ernestine and Tom Smegal; although, depending
14 upon members, it was just going to be the three of us, the
15 four of us.

16 MS. FAIRBANKS-WILLIAMS: Okay. I guess we're
17 organized.

18 CHAIR EAKELEY: We're presenting a semblance of
19 organization. I'm not sure that I would ever want to claim
20 that we're organized.

21 MS. FAIRBANKS-WILLIAMS: Oh, okay.

1 CHAIR EAKELEY: Any further business?

2 (No response.)

3 CHAIR EAKELEY: If none, is there a motion to
4 adjourn?

5 MOTION

6 MS. WATLINGTON: I so move.

7 MS. FAIRBANKS-WILLIAMS: Second.

8 CHAIR EAKELEY: That was Ernestine followed by
9 Edna.

10 All those in favor?

11 (A chorus of ayes.)

12 CHAIR EAKELEY: We stand adjourned. Thank you very
13 much for taking time out of an undoubtedly business first
14 Monday back from the holidays. We will be in touch in a
15 little while.

16 (The meeting was adjourned at 11:35 a.m.)

17 * * * * *